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Financial Position of Mysore.



1791 to 1932

By

M. Sankar Linga Gowda B. A.,
Landholder,
Nagamangal Post.

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THIS BOOK

Is Respectfully Dedicated To The

LOYAL SUBJECTS OF

H. H. THE MAHARAJA

OF MYSORE

BY

THE AUTHOR

Financial Position of Mysore.

1791 to 1932

INTRODUCTION

Some members of the Representative Assembly and Legislative Council are of opinion that the Mysore State has run into heavy debts and the State is paying a heavy sum of Rs. 58 lacs towards interest and there is no hope of repaying public debts.

In order to make the people understand the real situation of the State I have written this book "Financial Position of Mysore" with 5 chapters viz:— (1) Taxation per-capita; (2) State Revenue and Expenditure; (3) Financial position; (4) Cut down Expenditure; (5) Where & Whom to tax? studying the financial condition of the State from 1791 to 1932.

Chapter (i)

Taxation Per-capita

The population of the Mysore State was 29 lacs, 30 lacs, 32 lacs, 35 lacs, 51 lacs, 48 lacs, 54 lacs, 64 lacs and 65 lacs in the years 1791, 1809, 1831, 1852, 1872, 1889, 1899, 1928 and 1933 respectively

The gross revenue of the Mysore State was 42 lacs, 93 lacs, 76 lacs, 86½ lacs, 110 lacs, 132 lacs, 190 lacs, 450 lacs and 458 lacs of rupees in the years 1791, 1809, 1831, 1852, 1872, 1889, 1899, 1928 and 1932-33 respectively

Taxation per capita during the times of different rulers is calculated in the Table No 1 (*Vide Page 3*)

The taxation per-capita during the time of Tippu Sultan was Rs 1-7 /- , during the Regency of Mr Purniah, Rs 3-1 6, with an increase of Rs 1-10 6 ie . 2½ times, during the time of the personal management of Mumtaz Krishna Raj wadayar, Rs 2 6 0, with a decrease of 11½ annas or 22 %, during the time of the Non-Regula-

Table No. 1

Year	Population		Taxation per-capita Rs.
1791	29,00,000	42,00,000	1 7 8
1809	30,00,000	93,00,000	3 1 6
1831	32,00,000	76,00,000	2 6 0
1852	35,00,000	86,54,000	2 7 8
1872	51,00,000	1,09,96,692	2 0 0
1889	48,00,000	1,32,20,088	2 12 0
1899	54,00,000	1,90,03,742	3 8 0
1928	64,00,000	4,50,70,200	7 0 0
1933	65,00,000	4,58,16,100	7 0 0

-tion System of Administration of the Mysore Commission, Rs 2-7-8, with an increase of one anna eight pies; during the time of Regulated System of Administration (ie., Administration since, 1865) Rs 2/-, with a decrease of nearly 8 annas ie., 20 %; during the time of Chamaraja Wadayar, Rs 2-12-0, with an increase of 12 annas ie., 44%; during the Regency of Maharani, the mother of our present ruler, Rs 3-8-0, with an increase of 12 annas ie., 27%; and during the time of our present ruler Krishna Raja Wadayar, in the years 1928-29 & 1932-33, Rs 7-0-0 with an increase of Rs 3-8-0.

This enormous increase of Rs 3—8—0 is due to Excise, Railway and Electric Departments. The whole population do not pay all the taxes. It is only those who are addicted to drinking who pay Excise-tax, those who travel pay Railway charges and those who use power pay Electric charges, but 90% of the total population who are agriculturists and agricultural labourers pay Land tax. Of the total population nearly 50,000 bear the Stamp tax, one lakh bear the Registration tax and about 5800 bear the Income-tax. The majority of the population in the State bear only the Land Tax, Forest Tax and Mohatarfa Taxes, while the Railway and Electric charges, Income-tax, Stamp & Registration Taxes are borne by a minor section who derive the benefit of these Departments. Therefore, only the first three taxes must be taken into account in calculating the per-capita taxation in the State.

We shall compare the taxation per capita of the Mysore State with that of other Indian States, where there is no Electric and Railway Departments —

Table No 2.

Name of States	Taxation Per-capita Rs.		
1 Bikaner	12	10	0
2 Baroda	11	4	0
3 Kolhapur	10	14	0
4 Indore	10	6	0
5 Cochin	7	5	0
6 Kashmir	6	14	0
7 Gwalior	6	11	0

It will be noticed that in the Indian States mentioned in the table No. 2, taxation per-capita ranges from Rs. 6-11-0 to 12-10-0 even in the absence of electric power and railways, while in Mysore State the per-capita taxation is Rs. 7 including railways and electric power, and therefore per-capita taxation in Mysore cannot be considered to be excessive (*Vide State ment No. 1 for particulars of other Indian States.*)

Politically, India is divided into British India and the Indian States, which cover an area of 598, 138 square miles with a population of 68,652, 974 people, or about two-fifths of the area and one fifth of the popu-

lation respectively of India, including the Indian States, but excluding Burma. There are 563 States in all according to the list published by the Government of India, corrected upto January 1st 1927. Though they are all called States, they vary a great deal in size and authority. While some of them cover thousands of square miles, there are others with a few square miles of territory. While some of them count their subjects in millions, there are others which have less than 1000 inhabitants. While some of them get several crores in revenue annually, there are others whose annual income does not exceed four figures. I had the full opportunity of studying the conditions of 42 Indian States, where I personally visited the public offices. I now say, that 30 Princes have established Legislative Councils, 40 have constituted High Courts, more or less, on British Indian Models, 34 have separated executives from judicial functions, 56 have a fixed privy purse. I also critically studied the past histories of different Indian States and the conditions of the people of the Indian States have very largely changed in the last 20 years.

The Land-Revenue realised for the years 1831, 1872-73, 1888-89, 1899-1900, 1928-29 and 1932-33 was Rs. 48,00,000, Rs. 73,50,000, Rs. 84,00,000, Rs. 95,00,000, Rs. 1,27,50,000 and Rs. 1,28,42,000 respectively and the Excise-tax realised for the years 1831, 1872-73, 1888-89, 1889-1900, 1928-29 and 1932-33 was Rs. 8,00,000, Rs. 10,80,000, Rs. 16,00,000, Rs. 35,00,000, Rs. 68,93,000 and Rs. 54,87,000 respectively.

The taxation per-capita is calculated in the Table No. 3. according to population. (*Vide Page 8.*)

The Land-tax per-capita was Rs. 1-7-0 during the time of Mummadi Krishna Raja Wadayar and Regulated System of Administration of the Mysore Commission; Rs. 1-12-0, during the time of Chamaraja Wadayar and Maharani Regent with an increase of 5 annas; Rs. 1—14—0 in the year 1928-29, with an increase of 2 annas and Rs. 1—15—6 in the year 1932-33, with an increase of 1½ annas to the year 1928.

Excise-tax per-capita was 4 annas in the year 1831 and 1872-73; Rs. 0-5-3 in the

Table No 3

Per-capita Land & Excise Taxation in Mysore.

Year	Population	Excise tax		Land tax	
		Income Rs	Per capita Rs	Income R	Per capita Rs
1830-31	32,00,000	8,00,000	0 4 0	48,00,000	1 7 0
1872-73	51,00,000	10,80,000	0 3 6	73,50,000	1 7 0
1888 89	48,00,000	16,00,000	0 5 3	84,00,000	1 12 0
1899 900	54,00,000	35,00,000	0 10 4	95,00,000	1 12 0
1928-29	64,00,000	68,93,000	1 1 3	1,27,50,000	2 0 0
1932-33	65,00,000	54,87,000	0 10 3	1,28,42,000	1 10 3

year 1888-89 with an increase of Rs. 0-1-3; Rs. 0-10-4 in the year 1899-1900, with an increase of 5 annas; Rs. 1-1-3 in the year 1928-29, with an increase of 7 annas and Rs. 0-10-3 in the year 1932-33 with a decrease of 7 annas to the year 1928-29. Excise-Revenue, though it has gone down by 40%, has risen up by leaps and bounds in the State. The Excise taxation per-capita in the Presidencies of Bombay and Madras is Rs. 1-8-0 and Rs. 1-5-0 respectively. But this high figure for per-capita Excise-tax in Bombay and Madras should be a warning and not a model to the Mysore State, where the Excise-tax is Rs. 0-10-3 per-capita and should be brought down year after year.

In the year 1831 about 284,276 *kandies* were under the plough ie., about 40 lacs of acres were cultivated; in the year 1871 nearly 43,00,000 of acres were actually cultivated; in the year 1889 about 51 lacs of acres were cultivated and in the year 1929 about 66½ lacs of acres were cultivated. We shall now find out the Land-Tax per each cultivated acre:— (*Vide Table No. 4.*)

Table No 4.

Year	Net area cropped	Land Tax realised Rs	Land Tax per acre
1831	40,00,000	48,00,000	1 3 0
1871	43,00,000	73,00,000	1 10 0
1889	51,00,000	84,00,000	1 10 0
1929	66,35,000	127,00,000	1 14 0
30			

The rate of Land-tax per cultivated acre (dry, wet and garden) was Rs. 1-3-0 in the year 1831, Rs 1-10-0 in the years 1871 and 1889, with an increase of 7 annas and in the year 1929 Rs 1-14-0 with an increase of 4 annas. This increase of 4 annas or at the rate of 15% is due to the increase of wet lands under the big projects recently constructed and under river channels newly opened by our beloved Maharaja Sri Krishnaraj Wadayer, the present ruler.

In Mysore the taxation per-capita is Rs 7. Hindu *Dharmasastras* clearly say that a king can extract up to $\frac{1}{6}$ of every man's gross income as tax. According to Findlay Shiras, the income per-capita is Rs 116 in India and some Indian Economists have esti-

mated up to Rs. 64. This figure has been criticised again by Mahatma Gandhi, who estimated the income per-capita in India upto Rs. 48. Taking this disputed figure as an authority, every man in India has to pay to the king $\frac{1}{6}$ of his gross income, that is nearly Rs. 8.

Let us compare the National Income per-capita of other countries with that of Mysore State:—

Countries	Income per-capita Rs.	Remarks
1 France	2,700	Income per-capita of the 8 countries was calculated in the year 1929.
2 United States of America	2,000	
3 Great Britain	1,300	
4 Italy	1,200	
5 Australia	1,050	
6 Canada	1,000	
7 Spain	275	
8 Japan	225	
9 British India	116	According to Findlay Shirras
10 Mysore State	{ (a) 60 (b) 48	(a) Upto 1929 (b) In 1932 owing to the sudden world trade depression.

Agriculturists grumble that the rate of Land-tax has been enormously increased and

they are not able to pay the present rate of Land tax * Economic conditions in Mysore seem to be deplorable according to facts and figures contained in the Crops & Season Reports published by the Government of Mysore Mysore produces the lowest yield per acre The food consumption, including the net import available per capita is only 360 lbs of corn on an average Every man requires 550 lbs of corn on an average Thirty per cent of the total population are starving People have not got taxable capacity How to increase the taxable capacity? It can only be done by means of improving agricultural crops and agricultural industry and commerce We can only improve agriculture by increasing the irrigational facilities (1) by restoring the breached tanks within a short time, (2) by completing the big irrigational projects surveyed by the Department of Public Works as

* The rate of Land tax for dry wet and garden lands fixed by Mr Purniah in the year 1804 when the market rate was 4 seers of ragi and 3 seers of paddy per one anna is higher than the present rate of Land tax fixed by the Survey Superintendent though the market rate is 2 seers of ragi and $1\frac{1}{2}$ seers of paddy per one anna on account of recent economic depression

early as possible and (3) by increasing the water capacity in the tanks which are silted up and the irrigation wells in the Maidan tracts.

Land-taxation in Mysore is the main source of State Revenue. The average Land-tax per acre (including wet and dry) is in Japan Rs. 6; in Australia Rs. 3-12-0; in Italy Rs. 3-8-0; in England Rs. 3-4-0; in British India Rs. 2-14-0; and in Mysore Rs. 2-2; (including cesses); but the average Land-tax per-capita in England and Japan Re. 1; in Australia Rs. 7; in Italy Rs. 3-4-0; in Mysore Rs. 2 and in British India Rs. 1-6-0 on account of the System of Permanent Settlement prevailing in Northern India.

Agricultural pursuits are the chief occupations of the people of Australia and Italy like the people of Mysore. Where as, the yield (including dry and wet) per acre in Mysore is only $\frac{1}{3}$ of the yield per acre in Australia. Taking Australia as a Standard, the Land-tax should be charged at Rs. 1-4-0 per acre and per-capita land-tax should not go higher than Rs. 2-5-4 in Mysore. The figures quoted above may tempt the people

to ask the Government for reduction in Land tax. The total area cultivated in Mysore is only $\frac{1}{2}$ of the total area cultivated in Australia, the population of which is more or less equal to the population of Mysore. Intensive cultivation is always better than extensive cultivation.

If Mysore produces at least the same yield of 900 lbs per acre as British India produces, the Government need not give a reduction and on the other hand they can increase the rate of Land tax following the principles of Australian Land tax.

The main principle * is follows —

Total land revenue of Rs 45,000,000 divided by the total cultivated area of 13,00,0000 acres with the standard average yield of 1,500 lbs per acre in Australia = multiplying, the total land revenue of Rs 12,800,000 divided by the total cultivated area of 66 00 000 acres with the average yield of 500 lbs per acre, by 2. If the average yield is only 900 lbs per acre, the

* $[45\ 000\ 000 - 13\ 000\ 000(\text{of } 1500\ \text{lbs}) = 12\ 800\ 000 - 66\ 00\ 000 \times 2 \text{ (of } 1500\ \text{lbs) for } 900\ \text{lbs } (2 \times 2) \text{ multiplied by } 3/2 = \text{Rs } 2.6 \text{ ie } 25/ \text{ can be increased.}]$

Land-tax in Mysore can be increased by 25 per-cent; therefore the land-revenue will be increased to an extent of Rs. 30,00,000. As the yield goes on increasing, the National Wealth and Income also will be increasing. The total average value of the production of food crops will be increased proportionately. The Incometax Revenue also will then be increased.

The Government have to find out the reason why people have not got additional taxable capacity. The reason can only be found out by making an Economic Survey and Enquiry. When people are urging the reduction in the present rate of Land-tax the Government hereafter can not think of increasing the rate of Land-tax*, unless the Government make arrangements to improve the economic conditions of the poor agriculturists.

* The Government is spending 12 lacs of rupees (ie., $\frac{1}{3}$ of the collection charges on Land-Revenue) for the Agricultural Department, for the improvement of the agricultural crops. In order to increase the rate of Land-tax the Agricultural Department is expected to increase the yield from 500 lbs. to 900 lbs. per acre.

Chapter (11)

State Revenue & Expenditure

The receipts under all heads of income in the year 1791, during the time of Tippu Sultan, were Rs 42 00 000 in the year 1809 Rs 93,00,000, during the regency of Mr Purniah, in the year 1831, during the time of the personal management of Mummadi Krishna Raj Wadayar, Rs 76,00,000, in the year 1852, during the time of Non Regulation System of the Mysore Commission, Rs 86,54,000, in the year 1872, during the time of Regulated System of the Mysore Commission, Rs 1,09,96,692, in the year 1888 89, during the time of late Chamaraj Wadayar, Rs 1,32,20,088, in the year 1899 1900, during the regime of Her Highness the Maharani Regent, the mother of our present ruler, Rs 1,90 03,742 and in the years 1928 29 and 1932 33 during the time of our present Ruler His Highness Krishna Raja Wadayar, Rs 4,50,70,200 and Rs 4,23,01,000 respectively

The Government has to spend a certain amount to realise the revenues The direct

charges on the above items spent by the Government were Rs. 16,58,000 in the year 1872-73, Rs. 18,64,013 in the year 1888-86, Rs. 37,62,237 in the year 1899-1900, Rs. 1,33,99,200 in the year 1928-29 and Rs. 1,22,78,100 in the year 1932-33.

The percentage of expenditure to total income in the year 1872-73 was 15%, in the year 1888-89 was 14%, in the year 1899-1900 was 20%, in the year 1928-29 was 30% and in the year 1932-33 was 29%.

(Vide Statimēt No. 2.)

Deducting the direct charges, the net income of the State in the year 1872-73 was Rs. 93,38,692; in the year 1888-89 was Rs. 1,13,56,075; in the year 1899-1900 was Rs. 1,52,41,505; in the year 1928-29 was Rs. 3,16,71,000; and in the year 1932-33 was Rs. 3,00,22,900.

Out of this, a certain amount was utilised first under the Non-Votable items viz:— (1) Subsidy to British Government, (2) Palace charges, (3) Political and Service Pensions, (4) Military Force and (5) Interest on Public Debt and other obligations.

The amount utilised under the Non-Votable items in the year 1872 73 was Rs 45,70,000, in the year 1888 89 Rs 54,02,790, with an increase of 34%, in the year 1899 1900 Rs 67,68,910, with an increase of 48%, in the year 1928 29 Rs 1,36,05,000, thrice the amount spent in the year 1872 73 (*Vide Statement No 3*)

The income after deducting the amount spent under Non Votable items in the year 1872 73 was Rs 47,68,692, in the year 1888 89, Rs 59,53,285, in the year 1899 1900, Rs 84,72,595, in the year 1928 29, Rs 1,80,65,000 and in the year 1932 33, Rs 1,35,47,000

This amount was utilised for (1) Administration, (2) Protection of the people, (3) Mental, Moral and Economic development of the people (4) and Scientific Departments. The amount spent for this purpose in the year 1872 73 was Rs 47,68,692, showing a surplus of Rs 8,65,692, in the year 1888 89 Rs 59,53,285, showing a surplus of Rs 14,79,365, in the year 1899 1900, Rs 1,15,85,468, showing a deficit of Rs 31,12,873, which has been covered up by

the Reserve Fund; in the year 1928-29 Rs. 1,80,65,000, showing a surplus of Rs. 8,67,006* and in the year 1932-33 Rs. 1,44,28,100, showing a deficit of Rs. 8,81,100. (*Vide Statement No. 4*)

Chapter (iii) Financial Position.

There was a public-debt to the State to an extent of Rs. 87,75,000 in the year 1831, during the time of Mummadi Krishnaraj Wadayer. The State was placed under the British Management in the year 1831. During the long period of 50 years (ie., 1831-81) they cleared off not only the public-debt of Rs. 87,75,000 but also the personal debts of Mummadi Krishnaraj Wadayer amounting to Rs. 74,50,000 contracted from the year 1844 to 1870; and invested a sum of Rs. 25,19,198

* Budget of 1928-29 shows a deficit of Rs. 10,08,000, as Rs. 18,78,000, drawn from the Reserve fund, was added towards "Sinking Fund."—ie., (Rs. 18,78,900 minus Rs. 8,67,000 = Rs. 10,08,000) The item of "Sinking Fund" is not shown under Non-Votable items in the year 1928-29.

on State Railways and further saved nearly a crore of rupees. But unfortunately the British Administration had to encounter, towards the closing of the years of that Administration, the most disastrous *famine* which occurred in the year 1876 (Dhatu Esvara), 1/5 of the population was swept away, the accumulated surplus of nearly a crore of Rupees had disappeared and in its place there had come into existence a debt of 80 lakhs to British Government and the cash balance had become reduced to a figure insufficient for the ordinary requirements of the future Administration.

On 25 th March 1881 His Highness Sri Chamaraja Wadayar was invested with the Administration of the State and he entered upon the duties of that exalted position. He ruled for 14 years. His untimely death was lamented as a great national misfortune throughout India. It evoked feelings of wide spread sympathy in England, and it was deplored as an Imperial loss by the British Government. During his time Rs 1,89,36,696 was invested on Railways, Rs 27,81,500 was invested on account of

Railway Loan Repayment Fund; Rs. 80,00,000, which is a famine debt due to British Government contracted in the year 1876 was cleared off. There was a cash balance of Rs. 1,43,03,110 in the State Treasury, in the year 1894-95. In order to complete the Railway works Rs. 1,83,82,801 was borrowed. Now the Assets amount to Rs. 3,60,21,306 and the Liabilities amount to Rs. 1,83,82,801 and the net Assets amount to (Rs. 3,60,21,306 minus Rs. 1,83,82,801) Rs. 1,76,38,505 to which Rs. 99,08,935 is to be added and this amount was spent on original irrigation works (*Vide Statement No. 5.*)

Certain Members of the Representative Assembly and Legislative Council make a huge cry that the present financial condition of the State is unsound and that the State has run into heavy debts and has to pay a sum of nearly Rs. 58 lacs towards interest every year and that there is no hope for the repayment of public debts.

Let us compare the per-capita Public Debt & National Wealth of other countries with that of Mysore:— (*Vide Table No. 5*)

Table No 5

Countries	National Wealth Rs	Public Debt Rs	Per-centage of Public Debt to National Wealth
France	6 000†	5 340	80 /
United Kingdom	6 600†	2 260	33 /
Canada	9 000†	800	9 /
Italy	2 250†	1 200	52 /
United States of America	10 000†	645	6½ /
British India	600\$	42	7 /
Mysore State	300*	15	5 /

† Estimated in the year 1925 \$ Estimated by Mahatma Gandhi * Estimated in the year 1931 by the author of this book

In 1792 the total British Indian debt stood at £ 7 millions and in 1858 it had risen to £ 60 millions (excluding the mutiny items) When the regime of the East Indian Company, ended in the 1858, the Indian tax payers were left with a legacy of nearly £ 100 millions The cost of Abyssinian and Chinese wars, expenditure on State Railways, irrigation works, famine relief and the maintenance of the exchange raised the total Indian debt to £ 212 millions at the close of the last century By March 31st, 1930, we have reached the

colossal sum of £ 850 millions or Rs. 1,132 crores or nearly Rs. 42 per-capita. Mysore public debt per-capita is nearly Rs. 15.

If the Public Debt is invested on Railways, Irrigation and Industrial works the people need not grumble for the public debt raised by the Government.

It is a fact that the State is paying 58 lacs of rupees every year towards interest but it is not possible to say with such certainty, that there is no hope for the repayment of public debts unless one deeply studies the *Assets and Liabilities* of the State.

The important Assets of the State are (1) Cauvery Electric Power Transmission Scheme, (2) Railways, (3) Krishna Raja Sagara and (4) Badravati Iron works.

Of these four, Badhravati Iron works is not now paying and the other three assets are paying profits. The profits we are getting out of these 4 items are Rs. 61,50,000, and Rs. 10,00,000 from Sandal oil Factory, — Total Rs. 71½ lacs.

The Table No. 6 shows the capital invested on important Commercial enterprises:— (*Vide Page 24.*)

Table No. 6

Enterprises	Capital Rs.	Net Profits Rs	Rate of interest
1 Electric Supply	2,74,31,444	35,00,000	12 $\frac{3}{4}$ %
2 Railways	5,87,50,343	20,00,000	3 $\frac{1}{2}$ %
3 Iron works	2,15,62,006	- 1,50,000	Nil
4 Krishnaraj Sagara	3,77,40,164	8,00,000	2%
-	14,55,03,957	61,50,000	4. 2%

The State has to pay the net interest (Rs.57,91,000 minus Rs.13,64,000, the interest they get on State investments or Bonds) of Rs. 44,27,000. Out of 71 $\frac{1}{2}$ lacs of rupees, if 44 $\frac{1}{2}$ lacs of rupees are paid towards interest 27 lacs of rupees can be saved; and this amount can easily be utilised for the repayment of public debts. If 25 lacs of rupees is paid towards loan every year, the State Debt will be cleared off within a course of 30 years. How to save 25 lacs of rupees? The simple answer is "Cut Down State Expenditure."

Chapter (iV) Cut Down Expenditure

The Government was spending for the last 10 years, every year on an average up to 1930-31 for:—

(1) Revenue Collection	Rs. 53,50,422
(2) Non-Votable items	,, 1,55,87,878
(3) Administration	,, 60,64,548
(4) Mental, Moral and Economic Development	<u>Rs. 1,26,80,387</u>
Total	Rs. 3,96,83,235

In the year 1931-32 the Excise Revenue has fallen down to an extent of Rs. 11½ lacs, and the Government, thinking that there would be a further deficit of Rs. 18½ lacs, cut down expenditure in the year 1931-32 and spent for:—

(1) Revenue Collection	Rs. 46,09,292
(2) Non-Votable-items	Rs. 1,52,49,166
(3) Administration	Rs. 54,55,560
(4) Mental, Moral and Economic development	<u>Rs. 1,06,01,351</u>
Total	Rs. 3,59,15,369

there by, saving Rs. 37,67,866 (*Vide Statement No. 5*)

If the Government were to continue to spend Rs 3,59,15,369 every year and to save Rs 25 lacs for the repayment of public debts the State should get an income of nearly 3 crores and 85 lacs of rupees

For the present, the State is getting an income of Rs 3½ crores. As the Temperance Movement is advancing and the trade depression is seriously affecting the people, there is every probability that the Excise Revenue might go down further. So we are sure to get an annual income of 3 crores and 40 lacs of rupees. In order to meet the State expenditure it requires 45 lacs of rupees more. To keep the State Expenditure and Income on a level either the Government must consent to cut down expenditure on Non Votable items and administration, or the people must find out a way for a new taxation if they do not want the Government to cut down expenditure on Mental, Moral and Economic developments. This is a very serious point and the people have to solve this problem

Chapter (V)

Where and Whom to Tax?

I am bound by law not to discuss whether there is any possibility to cut down expenditure on Non-Votable items. Still I have to discuss for argument's sake, as Mahatma Gandhi says that H. H. The Maharaja of Mysore is taking a heavy sum of Rs. 23,00,000. (*Vide Statement No. 7*)

Under *article 5 of the treaty of 1799*, Mummadi Krishnaraja Wadayar and his heirs are entitled to get one lakh of Star Pagodas and one fifth of the net revenue realised from the territory. Though there are many sources of revenue for the State, those sources created by cans such as Railways and Electricity cannot be considered as proper sources of revenue for His Highness, and therefore, only Land-Revenue, Excise, Forest and Mines are the only sources of revenue for H. H. The Maharaja, and he is entitled to $11/5$ of the net revenue from these sources.

Table No 7

Particulars	Revenue	Direct charges	Net income
Land Revenue	1,28,42,000	39,36,000	89 06,000
Forest	3 ,49 000	12,15,000	18 34 000
Excise	54 87,000	4,04,000	50 83 000
Mines	10,50,000	2,12 000	8,38 000
	2,24,28 000	57 67,000	1,66 61,0 00

The net revenue realised from these sources according to Budget Estimate for the year 1932-33 is Rs 1,66,61,000 One-fifth of the net revenue ($1,66,61,000 \times 1/5$) is Rs 33,32,200 and one lac of Star Pagodas = Rs. 36,50,000 H H. The Maharaja is entitled to get $36\frac{1}{2}$ lacs of rupees as his share, but he is taking Rs 23,00,000 only People cannot argue that Maharaja is taking a heavy sum and on the other hand Maharaja has forgone his own share of $13\frac{1}{2}$ lacs of rupees for the welfare of the people

The Government has already cut down expenditure on Mental, Moral and Economic developments in the year 1930 31 to an extent of Rs 21 lacs If it is still to be

cut down the people will have to suffer very much and it is not possible to cut down expenditure on these items. *Therefore, a new taxation is absolutely necessary.* Where to tax and whom to tax is a question. The people have to consider this important point very carefully.

Conclusion

The preceding pages have brought to the forefront a few salient facts. They have established that the per-capita taxation in the Mysore State is not as high as it appears to be. Taking in to account only those taxes the burden of which is borne by the majority of the people of the State, the conclusion is reached that the per-capita taxation in the State amounts to only Rs. 4-0-0. This does not however warrant immediate increase in taxes, as the limit of the taxable capacity of the people has already been reached, and any addition to the tax burden presupposes an elevation in the economic condition of the agricultural population. As regards the financial position of the State, it has been established

that the allegation that the State has no substantial assets against its liabilities is untrue. The assets counteracting the liabilities are overwhelming, yielding a net profit of Rs 71½ lakhs a year. The Government, instead of utilising the balance of this sum remaining over after current interest charges are met for the redemption of the debt, has been using it for expenses on permanent establishments. If the balance had been used for the gradual reduction of the Public debt, the impression would not have gained ground that the State is not in sound credit position. The Public Debt of Mysore can be cleared in a period of 30 years, if only the Government can somehow save every year Rs 25 lakhs in addition to Rs 20 lakhs to be provided against loss of revenue on account of trade depression and temperance propaganda. Reduction of expenditure on the one hand and increase of revenue on the other are to be effected. The expenditure on Non Votable items particularly the palace Civil List cannot be criticised because His Highness the Maharaja is already receiving less than his legitimate due. Other means

of reducing expenditure have to be explored. Possibilities of increasing revenue by further taxation requires careful consideration at the hands of *Expert Financiers*.

This book is free from prejudice. The author gladly receives the suggestions and constructive criticisms from the public, to write a book "Where & Whom to Tax."

